

SERFF Tracking Number: CLIC-127162262 State: Arkansas
Filing Company: MDOW Insurance Company State Tracking Number:
Company Tracking Number:
TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)
Product Name: Dwelling Fire and Extended Coverage Rate Modification
Project Name/Number: Dwelling Fire Rate Modifications/

Filing at a Glance

Company: MDOW Insurance Company

Product Name: Dwelling Fire and Extended Coverage Rate Modification SERFF Tr Num: CLIC-127162262 State: Arkansas

TOI: 01.0 Property SERFF Status: Closed-Filed State Tr Num:

Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines) Co Tr Num: State Status:

Filing Type: Rate Reviewer(s): Becky Harrington, Nancy Horton

Author: Tiffany Foshee Disposition Date: 05/20/2011

Date Submitted: 05/10/2011 Disposition Status: Filed

Effective Date Requested (New): 07/01/2011 Effective Date (New): 07/01/2011

Effective Date Requested (Renewal): 08/01/2011 Effective Date (Renewal): 08/01/2011

State Filing Description:

General Information

Project Name: Dwelling Fire Rate Modifications

Project Number:

Reference Organization:

Reference Title:

Filing Status Changed: 05/20/2011

State Status Changed:

Created By: Tiffany Foshee

Corresponding Filing Tracking Number:

Filing Description:

MDOW Insurance Company proposes rate modifications for our Dwelling Fire product.

Status of Filing in Domicile: Not Filed

Domicile Status Comments:

Reference Number:

Advisory Org. Circular:

Deemer Date:

Submitted By: Tiffany Foshee

Company and Contact

Filing Contact Information

Tiffany Phoummarath,
2200 West Alabama

tiffany@columbialloyds.com
713-528-6686 [Phone]

SERFF Tracking Number: CLIC-127162262 State: Arkansas
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Product Name: Dwelling Fire and Extended Coverage Rate Modification
Project Name/Number: Dwelling Fire Rate Modifications/

Suite 210
Houston, TX 77254
Filing Company Information

MDOW Insurance Company	CoCode: 12810	State of Domicile: Texas
PO BOX 540548	Group Code:	Company Type:
Houston, TX 77254	Group Name:	State ID Number:
(866) 837-4668 ext. [Phone]	FEIN Number: 20-5465843	

Filing Fees

Fee Required?	Yes
Fee Amount:	\$100.00
Retaliatory?	No
Fee Explanation:	
Per Company:	No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
MDOW Insurance Company	\$100.00	05/10/2011	47439585

SERFF Tracking Number: CLIC-127162262 State: Arkansas

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Product Name: Dwelling Fire and Extended Coverage Rate Modification

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	05/20/2011	05/20/2011

Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Becky Harrington	05/11/2011	05/11/2011	Tiffany Foshee	05/18/2011	05/18/2011

SERFF Tracking Number: *CLIC-127162262* *State:* *Arkansas*
Filing Company: *MDOW Insurance Company* *State Tracking Number:*
Company Tracking Number:
TOI: *01.0 Property* *Sub-TOI:* *01.0002 Personal Property (Fire and Allied Lines)*
Product Name: *Dwelling Fire and Extended Coverage Rate Modification*
Project Name/Number: *Dwelling Fire Rate Modifications/*

Disposition

Disposition Date: 05/20/2011
Effective Date (New): 07/01/2011
Effective Date (Renewal): 08/01/2011
Status: Filed
Comment:

Rate data does NOT apply to filing.

SERFF Tracking Number: CLIC-127162262 State: Arkansas

Filing Company: MDOW Insurance Company State Tracking Number:

Company Tracking Number:

TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)

Product Name: Dwelling Fire and Extended Coverage Rate Modification

Project Name/Number: Dwelling Fire Rate Modifications/

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document (revised)	Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines	Filed	Yes
Supporting Document	Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines		Yes
Supporting Document	HPCS-Homeowners Premium Comparison Survey	Filed	Yes
Supporting Document (revised)	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp		Yes
Supporting Document	Dwelling Fire Exhibits 1-4	Filed	Yes
Supporting Document	Dwelling Fire Exhibits 5-6	Filed	Yes
Supporting Document	Allied Lines Exhibits 1-4	Filed	Yes
Supporting Document	Allied Lines Exhibits 5-6	Filed	Yes
Supporting Document (revised)	Explanatory Memorandums Fire and Allied Lines	Filed	Yes
Supporting Document	Explanatory Memorandums Fire and Allied Lines		Yes
Rate	Revised Rate Page	Filed	Yes

SERFF Tracking Number: CLIC-127162262 State: Arkansas
Filing Company: MDOW Insurance Company State Tracking Number:
Company Tracking Number:
TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)
Product Name: Dwelling Fire and Extended Coverage Rate Modification
Project Name/Number: Dwelling Fire Rate Modifications/

Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 05/11/2011
Submitted Date 05/11/2011

Respond By Date

Dear Tiffany Phoummarath,

This will acknowledge receipt of the captioned filing.

Objection 1

Comment: The initial filing for this program was a loss cost filing. Form RF-2 should be completed using a revised loss cost modifier/multiplier to achieve the rate change. Please refer to Rule 23.

Objection 2

- Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines (Supporting Document)

Comment: Please complete the policy count and premium/loss information of the 5-year history section.

Objection 3

Comment: Please submit revised manual pages if applicable. See Rule 23, Section 7(A)(5)(d).

Objection 4

Comment: Please explain the significant increase in the profit provision.

NOTICE regarding, corrections to filings and scrivener's Errors:

Effective for all filings made on or after June 1, 2011, Arkansas no longer allows the re-opening of closed filings for corrections, changes in effective dates, scrivener's errors, amendments or substantive changes. Please see the General Instructions for how these events will be handled after the effective date of the change."

In accordance with Regulation 23, Section 7.A., this filing may not be implemented until 20 days after the requested amendment(s) and/or information is received.

Sincerely,

Becky Harrington

SERFF Tracking Number: CLIC-127162262 State: Arkansas
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Company Tracking Number:
TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)
Product Name: Dwelling Fire and Extended Coverage Rate Modification
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Response Letter

Response Letter Status Submitted to State
Response Letter Date 05/18/2011
Submitted Date 05/18/2011

Dear Becky Harrington,

Comments:

Please find a revised Explanatory Memorandum regarding the Profit Provision, Revised RF-2, Completed RF-2 and a Revised Rate Page.

Response 1

Comments: Please find attached RF-2.

Related Objection 1

Comment:

The initial filing for this program was a loss cost filing. Form RF-2 should be completed using a revised loss cost modifier/multiplier to achieve the rate change. Please refer to Rule 23.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: NAIC Loss Cost Filing Document for OTHER than Workers' Comp

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 2

Comments: Please find revised RF-1.

Related Objection 1

Applies To:

- Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines (Supporting Document)

Comment:

SERFF Tracking Number: CLIC-127162262 State: Arkansas
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Product Name: Dwelling Fire and Extended Coverage Rate Modification
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Please complete the policy count and premium/loss information of the 5-year history section.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 3

Comments: Please find attached Revised Rate Page.

Related Objection 1

Comment:

Please submit revised manual pages if applicable. See Rule 23, Section 7(A)(5)(d).

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

Rate/Rule Schedule Item Changes

Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing #
Revised Rate Page		New	

Response 4

Comments: Please find attached revised Explanatory Memorandum.

Related Objection 1

Comment:

Please explain the significant increase in the profit provision.

SERFF Tracking Number: CLIC-127162262 State: Arkansas
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Company Tracking Number:
TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)
Product Name: Dwelling Fire and Extended Coverage Rate Modification
Project Name/Number: Dwelling Fire Rate Modifications/

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Explanatory Memorandums Fire and Allied Lines

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,
Tiffany Foshee

Rate/Rule Schedule

Schedule Item	Exhibit Name:	Rule # or Page	Rate Action	Previous State Filing Attachments
Status:		#:		Number:
Filed 05/20/2011	Revised Rate Page		New	MDOW Revised Rate Page 2011 Dwelling Fire and Allied Lines.pdf



MDOW Revised Rate Page
2011
Arkansas

DWELLING FIRE

Current

AAIS Base Rate x 1.994

Revised

AAIS Base Rate x 2.2931

ALLIED LINES

AAIS Base Rate x 1.994

AAIS Base Rate x 2.0937

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Company Tracking Number:

TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)

Product Name: Dwelling Fire and Extended Coverage Rate Modification

Project Name/Number: Dwelling Fire Rate Modifications/

Supporting Document Schedules

	Item Status:	Status Date:
Satisfied - Item: Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines	Filed	05/20/2011
Comments:		
Attachment:		
FORM RF-1 Rate Filing Abstract.pdf		

	Item Status:	Status Date:
Satisfied - Item: NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	05/20/2011
Comments:		
Attachments:		
FORM RF-2 Reference filing adoption form DWELLING FIRE.pdf		
FORM RF-2 Reference filing adoption form ALLIED LINES.pdf		

	Item Status:	Status Date:
Satisfied - Item: Dwelling Fire Exhibits 1-4	Filed	05/20/2011
Comments:		
Attachments:		
DF Exhibit 1 revised.pdf		
DF Exhibit 2.pdf		
DF Exhibit 3.pdf		
DF Exhibit 4.pdf		

	Item Status:	Status Date:
Satisfied - Item: Dwelling Fire Exhibits 5-6	Filed	05/20/2011
Comments:		
Attachments:		

SERFF Tracking Number: CLIC-127162262 State: Arkansas
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Product Name: Dwelling Fire and Extended Coverage Rate Modification

Project Name/Number: Dwelling Fire Rate Modifications/

DF Exhibit 5 Sheet 1.pdf

DF Exhibit 5 Sheet 2.pdf

DF Exhibit 6.pdf

	Item Status:	Status Date:
Satisfied - Item: Allied Lines Exhibits 1-4	Filed	05/20/2011
Comments:		
Attachments:		
EC Exhibit 1 revised.pdf		
EC Exhibit 2.pdf		
EC Exhibit 3.pdf		
EC Exhibit 4.pdf		

	Item Status:	Status Date:
Satisfied - Item: Allied Lines Exhibits 5-6	Filed	05/20/2011
Comments:		
Attachments:		
EC Exhibit 5 Sheet 1.pdf		
EC Exhibit 5 Sheet 2.pdf		
EC Exhibit 6.pdf		

	Item Status:	Status Date:
Satisfied - Item: Explanatory Memorandums Fire and Allied Lines	Filed	05/20/2011
Comments:		
Attachment:		
EF-EC Explanatory Memorandum 2010 AR AMENDED.pdf		

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	None
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2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	None
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Company Name		Company NAIC Number	
3.	A. MDOW Insurance Company	B.	12810

Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)	
4.	A. 01.0 Property	B.	01.0002 Personal Property (Fire and Allied Lines)

5.

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Fire	138.3%	15%	54.2	1.24286	2.2931		1.994
Allied Lines	27.8%	5%	54.2	1.1348	2.0937		1.994
TOTAL OVERALL EFFECT	83.05%	10%					

6.

5 Year History

Rate Change History

Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2010	1783	0	N/A	433.70	322.07	83.53	112.96
2009	276	0	N/A	51.74	153.77	325.18	105.31
2008	17	0	N/A	1.74	0	0	350.49
2007	0	0	N/A	0	0	0	33.34
2006	0	0	N/A	0	0	0	16.02

7.

Expense Constants	Selected Provisions
A. Total Production Expense	20%
B. General Expense	10%
C. Taxes, License & Fees	2.8%
D. Underwriting Profit & Contingencies	13%
E. Other (explain)	
F. TOTAL	45.80

8. N Apply Lost Cost Factors to Future filings? (Y or N)

9. 15 % Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): _____

10. 0% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): _____ PC RLC

CALCULATION OF COMPANY LOSS COST MULTIPLIER

This filing transmittal is part of Company Tracking #	NONE
This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	NONE

(x) Loss Cost Reference Filing ARKS-125444631

() Independent

Rate Filing

(Advisory Org. & Reference filing #)

If this is a loss cost filing adopting an advisory organization's loss costs, the above insurer hereby declares that it is a member, subscriber or service purchaser of the named advisory organization for this line of insurance. The insurer hereby files (to be deemed to have independently submitted as its own filing) the prospective loss costs in the captioned Reference Filing. The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.

1. Check one of the following:

<input type="checkbox"/>	The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organization's prospective loss costs and the insurer's loss cost multipliers and if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or until amended or withdrawn by the insurer. Note: Some states have statutes that prohibit this option for some lines of business.
<input checked="" type="checkbox"/>	The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

2. Line, Subline, Coverage, Territory, Class, etc. combination to which this page applies: 01.002 Personal Property (Fire and Allied Lines)

3. Loss cost modification:

A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing (Check One):

() Without Modification (factor = 1.000)

(x) With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.) 1.24286

B. Loss Cost Modification Expressed as a Factor: (See Examples Below) 1.24286

Example 1: Loss cost Modification Factor: If your company's loss cost modification is -10%, a factor of .90 (1.000 - .100) should be used.

Example 2: Loss cost Modification Factor: If your company's loss cost modification is =15%, a factor of 1.15 (1.000 + .150) should be used.

NOTE: IF EXPENSE CONSTANTS ARE UTILIZED ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 4-8 BELOW.

4. Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information.

		Selected Provisions	
A.	Total Production Expense	20.0	%
B.	General Expense	10.0	%
C.	Taxes, Licenses & Fee	2.8	%
D.	Underwriting profit & Contingencies (explain how investment income is taken into account)	13.0	%
E.	Other (explain)	0.0	%
F.	Total	45.8	%

5.	A.	Expected Loss Ratio: $ELR = 100\% - 4F = A$	54.2	%
	B.	ELR in Decimal Form =	.542	
6.		Company Formula Loss Cost Multiplier (3B/5B)	2.2931	
7.		Company Selected Loss Cost Multiplier = (Attach explanation for any differences between 6 and 7)	2.2931	
8.		Rate Level Change for the coverage(s) to which this page applies	+15%	

CALCULATION OF COMPANY LOSS COST MULTIPLIER

This filing transmittal is part of Company Tracking #	NONE
This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	NONE

(X) Loss Cost Reference Filing ARKS-125444631 () Independent
Rate Filing

(Advisory Org. & Reference filing #)

If this is a loss cost filing adopting an advisory organization's loss costs, the above insurer hereby declares that it is a member, subscriber or service purchaser of the named advisory organization for this line of insurance. The insurer hereby files (to be deemed to have independently submitted as its own filing) the prospective loss costs in the captioned Reference Filing. The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.

1. Check one of the following:

<input type="checkbox"/>	The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organization's prospective loss costs and the insurer's loss cost multipliers and if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or until amended or withdrawn by the insurer. Note: Some states have statutes that prohibit this option for some lines of business.
<input checked="" type="checkbox"/>	The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

2. Line, Subline, Coverage, Territory, Class, etc. combination to which this page applies: 01.0002 Personal Property Allied Lines

3. Loss cost modification:

A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing (Check One):

() Without Modification (factor = 1.000)

(x) With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.) 1.1348

B. Loss Cost Modification Expressed as a Factor: (See Examples Below) 1.1348

Example 1: Loss cost Modification Factor: If your company's loss cost modification is -10%, a factor of .90 (1.000 - .100) should be used.

Example 2: Loss cost Modification Factor: If your company's loss cost modification is =15%, a factor of 1.15 (1.000 + .150) should be used.

NOTE: IF EXPENSE CONSTANTS ARE UTILIZED ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 4-8 BELOW.

4. Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information.

		Selected Provisions	
A.	Total Production Expense	20.0	%
B.	General Expense	10.0	%
C.	Taxes, Licenses & Fee	2.8	%
D.	Underwriting profit & Contingencies (explain how investment income is taken into account)	13.0	%
E.	Other (explain)	0.0	%
F.	Total	45.8	%

5.	A. Expected Loss Ratio: $ELR = 100\% - 4F = A$	54.2	%
	B. ELR in Decimal Form =	.542	
6.	Company Formula Loss Cost Multiplier (3B/5B)	2.0937	
7.	Company Selected Loss Cost Multiplier = (Attach explanation for any differences between 6 and 7)	2.0937	
8.	Rate Level Change for the coverage(s) to which this page applies	+5%	

MDOW INSURANCE COMPANY
Development of Rate Level Indication
Fire Insurance
Based on Direct Results

	Calendar/Accident Year					
	2006	2007	2008	2009	2010	Total
Direct Earned Premium	-	-	926	28,801	246,659	
On-Level Factor	1.000	1.000	1.000	1.000	1.000	
Premium Trend Factor	1.000	1.000	1.000	1.000	1.000	
Earned Premium at Present Rates	-	-	926	28,801	246,659	276,386
Direct Incurred Losses and LAE	-	-	1,279	108,568	228,164	
Loss Development Factor	1.000	1.000	1.000	1.000	1.000	
Total Losses and LAE	-	-	1,279	108,568	228,164	
Loss Trend Factor	-	-	1.093	1.068	1.051	
Trended, Developed Losses	-	-	1,398	115,957	239,715	357,070
Projected Loss Ratio at Current Rates	-	-	-	4.026	0.972	1.292

Indicated Rate Level Change	-100.0%	-100.0%	-100.0%	642.6%	79.3%	138.3%
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Commission	0.200
General	0.100
Taxes, Licences & Fees	0.028
Profit	0.130
Expected Loss Ratio	0.542

Indicated Rate Change	138.3%
Proposed Rate Change	15.0%

MDOW INSURANCE COMPANY
Development of Rate Level Indication

	Effective Date	
New	Renewal	Total Change

No Rate Change History

MDOW INSURANCE COMPANY
Calculation of Expense Ratios

Direct	2009		2010		Selected
Written Premium	81,026		485,663		
Earned Premium	28,801		246,659		
Commission	13,058	0.161	102,312	0.211	0.200
General	0	0.000	0	0.000	0.100
Taxes, Licences & Fees	2,257	0.028	14,118	0.029	0.028

MDOW INSURANCE COMPANY
Calculation of Loss Trend Factor

Selected Annual Trend Factor	102.5%
Assumed Effective Date	5/1/2011

MDOW INSURANCE COMPANY
Calculation of Profit Provision

	All Lines Combined
1. Direct Earned premium	1,187,053
2. Mean Unearned Premium Reserve	
a. Direct UEP as of 12/31/10	1,500,627
a. Direct UEP as of 12/31/09	269,060
c. Mean [(a)+(b)]/2	884,844
3. Deduction for delayed remission of premium	
a. Direct Agents balancesat 12/31/10	1,244,358
b. Direct Agents balancesat 12/31/09	-
c. Mean [(a)+(b)]/2	622,179
d. Ratio [(c) / (2c)]	70.3%
e. UEP after deduction (2c) x [1.0 - (3d)]	262,665
4. Deduction for prepaid expenses	
a. Commission and brokerage	0.200
b. 50% other acq	-
c. 50% general	0.050
d. Taxes, Licenses and fees	0.028
e. Total prepaid	0.278
5. UEP available for investment (3e) x [1.0 - (4e)]	189,644
6. Expected Incurred Losses	
a. Permissible loss and LAE ratio (See Exhibit 1)	0.541
b. Expected Incurred loss and LAE [1.0 x (6a)]	642,196
7. Expected mean loss reserves	
a. Incurred losses for calendar year 2010	1,003,346
b. Incurred losses for calendar year 2009	377,224
c. Loss reserves as of 12/31/10	187,750
d. Loss reserves as of 12/31/09	62,956
e. Mean loss reserve	125,353
f. Ratio (e) / (a)	0.125
8. Expected mean loss and LAE reserve	
a. LAE reserves as of 12/31/10	28,000
b. LAE reserves as of 12/31/09	3,100
c. Mean [(a)+(b)]/2	15,550
d. Incurred LAE for calendar year 2010	276,900
e. Ratio of LAE reserves to loss reserves (c) / (7e)	0.124
f. Ratio of incurred LAE to incurred losses (d) / (7a)	0.276
g. Loss and LAE reserve ratio {(7f) x [1.0+(e)]} / [1.0 + (f)]	0.110
h. Expected mean loss and LAE reserve (g) x (6b)	70,680
9. Total net subject to investment (5) + (8h)	260,323
10. Pre-tax rate of return	
a. Net investment income earned excl realized captial gains for CY 2010	2,969
b. Asset available for investment at 12/31/10	4,564,838
c. Asset available for investment at 12/31/09	3,044,096
d. Mean [(a)+(b)]/2	3,804,467
e. Pre-tax rate of return (a) / (d)	0.001
11. Investment earnings on total net subject to investment (9) x (10e)	203
12. Average rate of return as a percent of direct earned premium (11) / (1)	0.000
13. Effective federal tax rate (See Exhibit 7, Sheet 3)	0.350
14. Average rate of return as a percent of direct earned premium after federal income tax (12) x [1.0 - (13)]	0.000
15. Target operating return after tax	0.078
16. Target underwriting profit, after tax	0.078
17. Target underwriting profit, before tax	0.120
18. Contingency	0.010
19. Profit and Contingency (min of 17 +18, .15)	0.130

MDOW INSURANCE COMPANY
Calculation of Earned Investment Income

	Earned Investment Income	Federal Income Tax Rate
Calculation of the effective federal income tax rate		
1 US Government Bonds	-	-
1.1 Bond Exempt from US tax		0.053
1.2 Other Bonds		0.350
1.3 Bonds of Affiliates	-	
2.2 Common Stocks	-	0.142
Real Estate		0.350
Cash on Hand	2,969	0.350
Other Short term Investments	-	0.350
Aggregate Write in	-	0.350
	2,969	0.350
Deductions		0.350
Net Investment Income Earned	2,969	0.350

MDOW INSURANCE COMPANY

Experience Summary Dwelling Fire Insurance

Arkansas Experience				Nationwide Experience		
Year	<i>Earned Premium</i>	<i>Incurred Losses & LAE</i>	<i>Incurred Loss & LAE Ratio</i>	<i>Earned Premium</i>	<i>Incurred Losses & LAE</i>	<i>Incurred Loss & LAE Ratio</i>
2006	0	0	0.00%	0	0	0.00%
2007	0	0	0.00%	0	0	0.00%
2008	1	1	138.14%	8	1	15.31%
2009	29	109	376.96%	99	207	208.15%
2010	247	228	92.50%	587	655	111.70%

MDOW INSURANCE COMPANY
Development of Rate Level Indication
Extended Coverage Insurance
Based on Direct Results

	Calendar/Accident Year					
	2006	2007	2008	2009	2010	Total
Direct Earned Premium	-	-	819	22,940	187,040	
On-Level Factor	1.000	1.000	1.000	1.000	1.000	
Premium Trend Factor	1.000	1.000	1.000	1.000	1.000	
Earned Premium at Present Rates	-	-	819	22,940	187,040	210,799
Direct Incurred Losses and LAE	-	-	4,282	39,468	94,080	
Loss Development Factor	1.000	1.000	1.000	1.000	1.000	
Total Losses and LAE	-	-	4,282	39,468	94,080	
Loss Trend Factor	-	-	1.093	1.068	1.051	
Trended, Developed Losses	-	-	4,679	42,154	98,843	145,675
Projected Loss Ratio at Current Rates	-	-	-	1.838	0.528	0.691

Indicated Rate Level Change	-100.0%	-100.0%	-100.0%	238.9%	-2.5%	27.5%
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Commission	0.200
General	0.100
Taxes, Licences & Fees	0.028
Profit	0.130
Expected Loss Ratio	0.542

Indicated Rate Change	27.5%
Proposed Rate Change	5.0%

MDOW INSURANCE COMPANY
Development of Rate Level Indication

	Effective Date	
New	Renewal	Total Change

No Rate Change History

MDOW INSURANCE COMPANY
Calculation of Expense Ratios

Direct	2009		2010		Selected
Written Premium	59,496		385,596		
Earned Premium	22,940		187,040		
Commission	9,327	0.157	81,850	0.212	0.200
General	0	0.000	0	0.000	0.100
Taxes, Licences & Fees	1,612	0.027	11,294	0.029	0.028

MDOW INSURANCE COMPANY
Calculation of Loss Trend Factor

Selected Annual Trend Factor	102.5%
Assumed Effective Date	5/1/2011

MDOW INSURANCE COMPANY
Calculation of Profit Provision

	All Lines Combined
1. Direct Earned premium	1,187,053
2. Mean Unearned Premium Reserve	
a. Direct UEP as of 12/31/10	1,500,627
b. Direct UEP as of 12/31/09	269,060
c. Mean [(a)+(b)]/2	884,844
3. Deduction for delayed remission of premium	
a. Direct Agents balancesat 12/31/10	1,244,358
b. Direct Agents balancesat 12/31/09	-
c. Mean [(a)+(b)]/2	622,179
d. Ratio [(c) / (2c)]	70.3%
e. UEP after deduction (2c) x [1.0 - (3d)]	262,665
4. Deduction for prepaid expenses	
a. Commission and brokerage	0.200
b. 50% other acq	-
c. 50% general	0.050
d. Taxes, Licenses and fees	0.028
e. Total prepaid	0.278
5. UEP available for investment (3e) x [1.0 - (4e)]	189,644
6. Expected Incurred Losses	
a. Permissible loss and LAE ratio (See Exhibit 1)	0.541
b. Expected Incurred loss and LAE [1.0 x (6a)]	642,196
7. Expected mean loss reserves	
a. Incurred losses for calendar year 2010	1,003,346
b. Incurred losses for calendar year 2009	377,224
c. Loss reserves as of 12/31/10	187,750
d. Loss reserves as of 12/31/09	62,956
e. Mean loss reserve	125,353
f. Ratio (e) / (a)	0.125
8. Expected mean loss and LAE reserve	
a. LAE reserves as of 12/31/10	28,000
b. LAE reserves as of 12/31/09	3,100
c. Mean [(a)+(b)]/2	15,550
d. Incurred LAE for calendar year 2010	276,900
e. Ratio of LAE reserves to loss reserves (c) / (7e)	0.124
f. Ratio of incurred LAE to incurred losses (d) / (7a)	0.276
g. Loss and LAE reserve ratio {(7f) x [1.0+(e)]} / [1.0 + (f)]	0.110
h. Expected mean loss and LAE reserve (g) x (6b)	70,680
9. Total net subject to investment (5) + (8h)	260,323
10. Pre-tax rate of return	
a. Net investment income earned excl realized capital gains for CY 2010	2,969
b. Asset available for investment at 12/31/10	4,564,838
c. Asset available for investment at 12/31/09	3,044,096
d. Mean [(a)+(b)]/2	3,804,467
e. Pre-tax rate of return (a) / (d)	0.001
11. Investment earnings on total net subject to investment (9) x (10e)	203
12. Average rate of return as a percent of direct earned premium (11) / (1)	0.000
13. Effective federal tax rate (See Exhibit 7, Sheet 3)	0.350
14. Average rate of return as a percent of direct earned premium after federal income tax (12) x [1.0 - (13)]	0.000
15. Target operating return after tax	0.078
16. Target underwriting profit, after tax	0.078
17. Target underwriting profit, before tax	0.120
18. Contingency	0.010
19. Profit and Contingency (min of 17 +18, .150)	0.130

MDOW INSURANCE COMPANY
Calculation of Earned Investment Income

	Earned Investment Income	Federal Income Tax Rate
Calculation of the effective federal income tax rate		
1 US Government Bonds	-	-
1.1 Bond Exempt from US tax		0.053
1.2 Other Bonds		0.350
1.3 Bonds of Affiliates	-	
2.2 Common Stocks	-	0.142
Real Estate		0.350
Cash on Hand	2,969	0.350
Other Short term Investments	-	0.350
Aggregate Write in	-	0.350
	2,969	0.350
Deductions		0.350
Net Investment Income Earned	2,969	0.350

MDOW INSURANCE COMPANY

Experience Summary Extended Coverage Insurance

Arkansas Experience				Nationwide Experience		
<i>Year</i>	<i>Earned Premium</i>	<i>Incurred Losses & LAE</i>	<i>Incurred Loss & LAE Ratio</i>	<i>Earned Premium</i>	<i>Incurred Losses & LAE</i>	<i>Incurred Loss & LAE Ratio</i>
2006	0	0	0.00%	0	0	0.00%
2007	0	0	0.00%	0	0	0.00%
2008	1	4	522.88%	7	4	60.86%
2009	23	39	172.05%	91	100	109.69%
2010	187	94	50.30%	524	635	121.22%

MDOW INSURANCE COMPANY
DWELLING FIRE / EXTENDED COVERAGE RATE FILING
ARKANSAS

EXPLANATORY MEMORANDUM

MDOW Insurance Company (MDOW) wishes to increase its rates 15.00% for dwelling fire coverage (DF) and 5.00% for extended coverage (EC) effective July 1, 2011 for new business and August 1, 2011 for renewals. The combined effective rate change will be 10.7%. The change to the rates is due to an analysis of the loss experience that indicates a need for a 138.3% increase for DF and a 27.5% increase for EC. We moderated the request due to data credibility and competitive considerations. MDOW is currently referencing AAIS reference filing number AAIS-2007-2 and is using a loss cost multiplier of 1.994. We are proposing changing the multiplier to 2.2931 for DF and 2.0937 for EC while referencing the same loss cost reference filing.

Exhibit 1 shows the development of the rate level indication. We used direct premium from the Statutory Page 14 data, and accident year loss and loss adjustment expenses. The earned premium did not require an adjustment to be put on current rate level as there have been no prior requested rate changes for this product.

Losses were also adjusted to reflect loss trend. Because the data is of limited credibility, we judgmentally selected an annual trend factor of 2.5%. This is shown in Exhibit 4. Accident year incurred losses and loss adjustment expenses (LAE) have been used with no assumed future development.

The calculation of the expected expense ratios is shown on Exhibit 3. These numbers are then used to calculate the expected loss ratio on Exhibit 1. The profit provision is calculated on a total return basis as shown on Exhibit 5. We have included a profit and contingencies provision of 13% for this filing. This product was originally filed with a 5% profit provision. The change in this provision is being implemented for the following reasons:

- Extremely poor investment returns in the current market;
- The need for an additional contingencies margin to account for catastrophic storms risk in Arkansas
- The need for additional contingencies margin to write in a high risk market for low value dwellings; and,
- Rate of return requirements of the parent company, Columbia Lloyds Insurance Company; and

While there was an increase in the profit and contingencies margin, there was an offsetting decrease in the expense margins. Overall, this has resulted in an increase in the expected loss ratio. This is reflected in the included RF-1 and RF-2 forms as well as Exhibit 1.

MDOW has only been writing insurance since 2008. They are currently writing in two states: Arkansas, and Oklahoma. Exhibit 6 shows experience for Arkansas and for Oklahoma and Arkansas combined.

SERFF Tracking Number: CLIC-127162262 State: Arkansas

Filing Company: MDOW Insurance Company State Tracking Number:

Company Tracking Number:

TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)

Product Name: Dwelling Fire and Extended Coverage Rate Modification

Project Name/Number: Dwelling Fire Rate Modifications/

Superseded Schedule Items

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Creation Date:	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
05/10/2011	Supporting Form RF-1 NAIC Loss Cost Data Document	Entry Document--All P&C Lines	05/18/2011	FORM RF-1 Rate Filing Abstract.pdf (Superseded)
05/10/2011	Supporting NAIC Loss Cost Filing Document	Document for OTHER than Workers' Comp	05/18/2011	
05/10/2011	Supporting Explanatory Memorandums Fire Document	and Allied Lines	05/18/2011	DF Explanatory Memorandum.pdf (Superseded) EC Explanatory Memorandum.pdf (Superseded)

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	None
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2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	None
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	Company Name		Company NAIC Number
3.	A.	MDOW Insurance Company	B. 12810

	Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)
4.	A.	01.0 Property	B. 01.0002 Personal Property (Fire and Allied Lines)

5.

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Fire	138.3%	15%					
Allied Lines	27.8%	5%					
TOTAL OVERALL EFFECT	83.05%	10%					

6.

5 Year History

Rate Change History

Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
N/A							

7.

Expense Constants	Selected Provisions
A. Total Production Expense	20%
B. General Expense	10%
C. Taxes, License & Fees	2.8%
D. Underwriting Profit & Contingencies	13%
E. Other (explain)	
F. TOTAL	45.80

8. N Apply Lost Cost Factors to Future filings? (Y or N)

9. 15 % Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): _____

10. 0% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): _____ PC RLC

MDOW INSURANCE COMPANY
DWELLING FIRE RATE FILING
ARKANSAS

EXPLANATORY MEMORANDUM

MDOW Insurance Company (MDOW) wishes to increase its base rates 15.00% effective July 1, 2011 for new business and August 1, 2011 for renewals. The change to the base rates is due to an analysis of the loss experience that indicates a need for a 138.3% increase. We moderated the request due to data credibility and competitive considerations.

Exhibit 1 shows the development of the rate level indication. We used direct premium from the Statutory Page 14 data, and accident year loss and loss adjustment expenses. The earned premium did not require an adjustment to be put on current rate level as there have been no prior requested rate changes for this product.

Losses were also adjusted to reflect loss trend. Because the data is of limited credibility, we judgmentally selected an annual trend factor of 2.5%. This is shown in Exhibit 4.

Accident year incurred losses and loss adjustment expenses (LAE) have been used with no assumed future development. The calculation of the expected expense ratios is shown on Exhibit 3. These numbers are then used to calculate the expected loss ratio on Exhibit 1. The profit provision is calculated on a total return basis as shown on Exhibit 5.

MDOW INSURANCE COMPANY
EXTENDED COVERAGE RATE FILING
ARKANSAS

EXPLANATORY MEMORANDUM

MDOW Insurance Company (MDOW) wishes to increase its base rates 5.00% effective July 1, 2011 for new business and August 1, 2011 for renewals. The change to the base rates is due to an analysis of the loss experience that indicates a need for a 27.8% increase. We moderated the request due to data credibility and competitive considerations.

Exhibit 1 shows the development of the rate level indication. We used direct premium from the Statutory Page 14 data, and accident year loss and loss adjustment expenses. The earned premium did not require an adjustment to be put on current rate level as there have been no prior requested rate changes for this product.

Losses were also adjusted to reflect loss trend. Because the data is of limited credibility, we judgmentally selected an annual trend factor of 2.5%. This is shown in Exhibit 4.

Accident year incurred losses and loss adjustment expenses (LAE) have been used with no assumed future development. The calculation of the expected expense ratios is shown on Exhibit 3. These numbers are then used to calculate the expected loss ratio on Exhibit 1. The profit provision is calculated on a total return basis as shown on Exhibit 5.